

COMMENTS ON CLEAN ENERGY PROGRAM FUNDING LEVELS

TESTIMONY OF
THOMAS LEYDEN

BEFORE THE
New Jersey Board of Public Utilities
August 5, 2004

Thank you, Madam President and Members of the Board, and members of the Clean Energy Program staff. My name is Tom Leyden. I am Vice President of PowerLight Corporation, Vice President of the Mid-Atlantic Solar Energy Industries Association (MSEIA), and Chairman of PV Now, a coalition of the industry's largest manufacturers including Shell Solar, Sharp Solar, BP Solar, Evergreen Solar, Kyocera Solar, RWE-Schott and PowerLight. PowerLight is the nation's leading manufacturer and developer of large-scale commercial PV systems.

I first want to start by saying how much the solar industry appreciates the groundbreaking policy positions you have taken to support renewable energy, and in particular solar energy. The combination of the Clean Energy Program incentive funding, a strong RPS requirement for solar, a REC market to support it, and the upcoming 2 MW net metering rules, makes New Jersey now the best place for solar in the country. NJ lags behind California right now only because they got a head start. We believe if there continues to be strong public/private partnership in shaping and implementing sound renewable energy policy, that NJ will eclipse CA in the coming years. We certainly believe, and it is commonly known around the country, that NJ is the state to watch, and indeed, emulate. The solar industry looks forward to working with you to make NJ the Solar Capital of the World.

Recent news in the energy world reminds us why support for renewable energy is more important now than ever, and that more support from policy makers is the clear and rational approach to take.

Yesterday, the benchmark price for US grade crude hit an all time high surpassing \$44 a barrel. That's a 36% increase in cost this year. Clearly, there are many factors that are

attributed to this, but OPEC warned that they are pretty much producing flat out, and might not be able to offset a disruptions in supplies elsewhere. This is pretty scary, especially in today's scary world. And of course, we know that world reserves of oil are diminishing, and will end at some point in the not too distant future. If not in my lifetime, than in my daughter's.

Natural gas, the energy source we've turned to as more environmentally sound, has been on a steep uphill price climb. In June, gas commodity prices were their highest level ever for a summer month. The Energy Information Administration projects natural gas prices to remain high through the rest of 2004. High prices are spurring on many new wells being dug. But even there, significant new supplies will be modest – due to high decline rates of existing wells. It appears we cannot dig our way out of this problem. And as you know, there's been lots of talk lately of bringing Liquefied Natural Gas from overseas. Boy, that sounds like a great solution! A disaster waiting to happen.

Coal prices have also skyrocketed. A 41% increase in the last 6 months alone.

The Board knows better than I, that rising fuel prices will by necessity translate to rising electricity rates, with no near-term relief in sight. And the board also knows, that there are significant environmental, health, and safety issues associated with doing business as usual. Clearly, we need to find a better way.

The good news is, renewable energy prices are coming down, and the supply issues are non-existent. And the Clean Energy Program you put in place is working, and just about all the things we testified to you about over the last few years are happening:

- ✍ Solar installations are way up
- ✍ Rebate reservations are skyrocketing
- ✍ New solar jobs have increased 550% over the last three years
- ✍ New companies are setting up shop in NJ
- ✍ The investment community is funding new companies and new solar projects

- ✍ Solar is reducing peak demand for the utilities
- ✍ Solar is cutting back emissions from the utilities
- ✍ Solar is reducing the strain on the Transmission and Distribution system
- ✍ Solar is saving ratepayers money, and not just where solar is installed, but for all ratepayers

With all these successes, it's not the time to ratchet back. We're just beginning to see real installations go in. It's time to accelerate the momentum we've gained through hard work and creativity. It's time to increase the rate of installations and jobs growth.

So, PowerLight, Mid-Atlantic SEIA, and PV Now all urge the board to find a way to do the following:

- ✍ Increase the overall funding levels of the Clean Energy Program to at least what they were before 1999 – that's a budget twice what it is today. While the program has been adequately funded to date, it is not enough to foster continued growth in renewables in NJ. As a data point for you, California is now funding solar only at more than \$200 million a year, and Gov. Schwarzenegger has proposed another \$100 million per year for 10 years.
- ✍ Assess current Clean Energy Programs for effectiveness, and reduce or eliminate funding for programs that have no practical value. Shift funding from ineffective programs to the successful market-based incentives.
- ✍ Assess rebate levels and work with industry to insure declining rebates occur at a pace and timing that will support continued growth.
- ✍ Assure the investment community that the Clean Energy Program will continue for years to come, and importantly, that the solar requirement in the RPS will continue beyond 5 years.

- ✍ Increase staffing levels to support the growth and maximize program efficiency.
- ✍ Continue to work with the solar industry in a collaborative process to insure effective use of ratepayer money, and conditions that support new jobs, new energy, and a new way to produce energy in New Jersey.

Thank you again for your vision, support, and hard work on behalf of NJ's ratepayers and citizens.

Respectfully submitted,

Thomas Leyden
Vice President

PowerLight Corp. East Coast Office
PO Box 354
Crosswicks, NJ 08515

609-291-7490 off.
609-291-7491 fax.
tleyden@powerlight.com
www.powerlight.com